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Introduced by Senator Alquist

January 25, 2010

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Senate Joint Resolution No. 20—Relative to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SJR 20, as introduced, Alquist. Taxation: sale of principal residence.

Under existing law, capital gains taxes are imposed upon the sale of capital assets.

This bill would memorialize the Congress and the President to enact legislation that would eliminate capital gains taxes on the sale of a principal residence by a senior citizen 65 years of age and older.

Fiscal committee: no.

1 WHEREAS, Federal income tax laws impose capital gains taxes  
2 upon the sale of capital assets; and

3 WHEREAS, A taxpayer is allowed to exclude from income up  
4 to \$250,000, or \$500,000 for joint returns, of gain from the sale  
5 of a qualifying principal residence; and

6 WHEREAS, Seniors are subject to capital gains taxes on the  
7 sale of their home even if they move to assisted living units, where  
8 they may be subject to heavy upfront fees; and

9 WHEREAS, The death of a spouse creates a disparity in tax  
10 treatment in that an elderly couple is required to pay capital gains  
11 taxes upon the sale of their home but a surviving partner can reduce  
12 his or her capital gains by virtue of a stepped up basis in computing  
13 capital gains that is allowed upon the death of his or her spouse;  
14 now, therefore, be it

15 *Resolved by the Senate and the Assembly of the State of*  
16 *California, jointly,* That the Legislature respectfully requests

1 Congress and the President to enact legislation to eliminate capital  
 2 gains taxes on the sale of a principal residence by a senior citizen  
 3 65 years of age and older; and be it further  
 4 *Resolved*, That the Secretary of the Senate transmit copies of  
 5 this resolution to the President and Vice President of the United  
 6 States, to the Speaker of the House of Representatives, to the  
 7 Majority Leader of the Senate, and to each Senator and  
 8 Representative from California in the Congress of the United  
 9 States.

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